

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE

NASHVILLE DIVISION

FILED
U.S. DISTRICT COURT
MIDDLE DISTRICT OF TENN
JAN 13 2011
Alex
DEPUTY CLERK

UNITED STATES OF AMERICA)	
v.)	NO. <u>3:11-00015</u>
[1] GUY SAVAGE,)	18 U.S.C. § 371
[2] SABRE DEFENCE INDUSTRIES, LLC,)	18 U.S.C. § 554
[3] CHARLES SHEARON,)	18 U.S.C. § 1001
[4] ELMER HILL,)	18 U.S.C. § 1341
[5] MICHAEL CURLETT,)	18 U.S.C. § 1343
[6] ARNOLD SEE, JR.)	22 U.S.C. § 2778
)	18 U.S.C. § 2

I N D I C T M E N T

THE GRAND JURY CHARGES THAT:

At times material to this Indictment:

INTRODUCTION

1. Defendant **SABRE DEFENCE INDUSTRIES, LLC** ("SDI-US"), a subsidiary of Sabre Defense Holdings, Inc., was a federally licensed manufacturer, distributor, and importer of firearms and firearms components for military, law enforcement and civilian use worldwide. SDI-US was headquartered in Nashville, Tennessee, within the Middle District of Tennessee, and produced, among other products, semi-automatic, fully automatic, and three round burst assault rifles in a variety of calibers.

2. Defendant SDI-US marketed its assault rifles to the military, law enforcement agencies, foreign allies, and civilians. SDI-US also marketed barrels and components used in the manufacture of its firearms, to other manufacturers and to the public. The United States government was the largest customer for defendant SDI-US, with contracts valued between 74 -

120 million dollars procured from the United States Department of Defense (“DOD”) for the manufacture of, among other things, M16 rifles and .50 caliber machine gun barrels.

3. Sabre Defence Industries, LTD (“SDI-UK”) was a licensed manufacturer, distributor, and importer of firearms and firearms components, owned by defendant GUY SAVAGE and headquartered in Northolt, Middlesex, in the United Kingdom.

4. Defendant **GUY SAVAGE**, was a citizen and resident of the United Kingdom, and the owner Sabre Defence Holdings, Inc., SDI-US and SDI-UK.

5. Defendant **CHARLES SHEARON** was the President of defendant SDI-US and a resident of the Middle District of Tennessee.

6. Defendant **ELMER HILL** was the Chief Financial Officer of defendant SDI-US and a resident of the Middle District of Tennessee.

7. Defendant **MICHAEL CURLETT** was the Director of Sales of defendant SDI-US, and a resident of the Middle District of Tennessee.

8. Defendant **ARNOLD SEE, JR.** was the International Shipping and Purchasing Manager of defendant SDI-US and a resident of the Middle District of Tennessee.

9. Persons known to the Grand Jury and referred to herein as Individuals “A”, “D”, “E”, “F”, “H”, “K” and “L” were employees of defendant SDI-US and residents of the Middle District of Tennessee.

10. Persons known to the Grand Jury and referred to herein as Individuals “B”, “C”, “G”, “I”, and “J” were citizens or residents of the United Kingdom and/or Finland, and were business associates or employees of defendant GUY SAVAGE and SDI-UK.

11. Company “A” was a Finnish arms manufacturer that produced suppressors that

were sold to SDI-US and defendant GUY SAVAGE.

Arms Export Control Act

12. In furtherance of world peace and the security and foreign policy of the United States, the Arms Export Control Act (“AECA”) (Title 22, United States Code, Section 2778) authorizes the President of the United States (“the President”) to control the export of “defense articles” by designating items, such as military aircraft and military aircraft components, on the United States Munitions List (the “USML”).

13. The Arms Export Control Act and its attendant regulations, the International Traffic in Arms Regulations (“ITAR”) (Title 22, Code of Federal Regulations, Sections 120-130), require a person to apply for and obtain an export license from the Directorate of Defense Trade Controls (“DDTC”) of the United States Department of State before exporting arms, ammunition, or articles of war, which are all classified as defense articles, from the United States. (Title 22, United States Code, Sections 2778(b)(2), and 22 C.F.R. Section 120.1). The ITAR also prohibits the export or attempt to export from the United States of any defense article for which a license or written approval is required. (22 C.F.R. Section 127.1)

14. In the application for an export license, the exporter is required to state, among other things, the nature of the armaments to be exported, the end recipient of the armaments, and the purpose for which the armaments are intended. These factors and others assist the Office of Defense Trade Controls in determining whether the export of the armaments would further the security and foreign policy interests of the United States or would otherwise affect world peace.

15. The defense articles which are subject to such licensing requirements are designated on the Munitions List . Those designations are made by the State Department with

concurrence of the Defense Department. (Title 22, United States Code, Section 2778(a)(1), and 22 C.F.R. Section 120.2).

16. Category I of the USML covers several classifications of firearms, including semi-automatic and fully automatic firearms up to .50 caliber. The 5.56 mm Caliber 14.5" Rifle Barrel Blank Assemblies; the .223 Remington Caliber 18.375" Rifle Barrel Blank Assemblies, and the AR-15 bolt catches and the A-2 flash hiders, are covered by Category I of the USML and are defense articles that could not be exported from the United States without a license issued by the DDTC.

Export and Shipping Records

17. Pursuant to United States law and regulations, exporters, shippers, and freight forwarders are required to file certain forms and declarations concerning exports of goods and technology from the United States. Typically, those documents are filed electronically through the Automated Export System, which is administered by the United States Department of Homeland Security ("DHS"), Customs and Border Protection.

18. U.S. exporters were required to report export information using the Automated Export System ("AES") for defense articles such as firearms.

19. An essential and material part of the AES filing was information concerning the end-user or ultimate destination of the export. The identity of the end-user may determine whether the goods may be exported with the specific authorization or license from the U.S. Department of State or whether the goods may not be exported from the United States whatsoever.

COUNT ONE

(Conspiracy to violate AECA, ITAR, and Defraud the United States)

21. The allegations in Paragraphs 1 through 19 are incorporated and realleged by

reference in this Count.

22. Beginning as early as in or about December 2003, the exact date being unknown to the Grand Jury, and continuing through in or around December 2009, in the Middle District of Tennessee and elsewhere, defendants **GUY SAVAGE, SDI-US, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, and ARNOLD SEE JR.**, did knowingly and willfully combine, conspire, confederate, and agree with each other, and with others known and unknown to the Grand Jury, to commit offenses against the United States, that is:

(a) to export and cause to be exported from the United States to a place outside thereof, defense articles, that is, firearms components, which were designated as defense articles on the United States Munitions List, without first obtaining from the Department of State, DDTC, a license or written authorization for such export, in violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), and Title 22, Code of Federal Regulations, Sections 121.1,

123.1, 127.1(a)(1) and 127.3;

(b) to knowingly and willfully falsify, conceal, and cover up, and cause to be falsified, concealed, and covered up, by a trick, scheme, and device, material facts, and make and cause to be made false, fictitious and fraudulent statements and representations as to a material fact, and make and use a false writing and document knowing the same to contain a false, fictitious and fraudulent entry, by making, or causing to be made, false representations on export shipping records, in violation of Title 18, United States Code, Section 1001;

(c) to fraudulently and knowingly export or send from the United States, or attempt to export and send from the United States, any merchandise, article and object, contrary to any law or regulation of the United States, to wit: the export without a license of firearms components, including 5.56 mm Caliber 14.5" Rifle Barrel Blank Assemblies; and .223

Remington Caliber 18.375" Rifle Barrel Blank Assemblies, in violation of Title 18, United States Code, Section 554(a);

(d) to devise a scheme or artifice to defraud the United States Department of the Treasury, the United States Department of State, and the United States Government, by means of materially false and fraudulent pretenses and representations by interfering with and obstructing a lawful government function by deceit, craft, trickery, and dishonest means, and for the purpose of executing such scheme and artifice, and attempting to do so, placed and caused to be deposited in and delivered by a private and commercial interstate carrier, according to the direction thereon, at the place at which it was directed to be delivered by the person to whom it was addressed, to the United Kingdom and elsewhere, in violation of Title 18, United States Code, Section 1341;

(e) to devise a scheme to defraud the United States Department of State, and the United States Government, by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, and attempting to do so, transmitted and caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, signals, and pictures, including email transmissions and other forms of communication in communicating with each other, with other conspirators, and with other individuals located in the United States, the United Kingdom, and Finland, in violation of Title 18, United States Code, Section 1343.

(f) To import and cause to be imported, into the United States, from a place outside thereof, defense articles, that is, firearms components, which were designated as defense articles on the USML, without first obtaining from Bureau of Alcohol, Tobacco, Firearms, and Explosives ("ATF"), a permit for such import, in violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), and Title 27, Code of Federal Regulations, Section 447.61.

OBJECTS OF THE CONSPIRACY

23. The objects of the conspiracy were:

- (a) to illegally enrich the conspirators by unlawfully exporting firearm components from the United States to the United Kingdom and to other countries;
- (b) evade the prohibitions and licensing requirements and tariffs and taxes of AECA, and the ITAR; and
- (c) to conceal the prohibited activities and transactions from detection by the United States Government so as to avoid penalties and disruption of the illegal activity.

MANNER AND MEANS OF THE CONSPIRACY

24. The manner and means by which the defendants and their conspirators sought to accomplish the objects of the conspiracy included, among others, the following:

- (a) Defendants GUY SAVAGE, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, and ARNOLD SEE JR., and other conspirators, used email accounts and other forms of communication to communicate with each other, with other conspirators, and with other individuals located in the United States, the United Kingdom, and elsewhere.
- (b) Defendant GUY SAVAGE directed requests to defendants CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, and ARNOLD SEE JR., and other conspirators, for shipment of firearms components located in the United States to defendant SAVAGE and SDI-UK, without first obtaining an export license with the DDTC.
- (c) Defendants GUY SAVAGE, CHARLES SHEARON, ELMER HILL, and ARNOLD SEE JR., directed employees of SDI-US to mislabel and undervalue export shipments of firearms components from the United States to SDI-UK, in order to evade the prohibitions and licensing requirements of AECA, and the ITAR;

(d) Defendants GUY SAVAGE and ARNOLD SEE JR., and other conspirators, used international common carriers to export from the United States to the United Kingdom firearm components specified as defense articles on the USML, without first obtaining an export license;

(e) Defendants GUY SAVAGE, CHARLES SHEARON, ELMER HILL, and SDI-US, maintained two sets of business books to record the company's accounts and balances, and its export and import activities, one set that recorded the true transactions by SDI-US, and a second set that recorded the undervalued amounts used on shipping manifests in an effort to circumvent U.S. export licensing requirements;

(f) Defendants SDI-US and ARNOLD SEE JR., and other conspirators, at the direction of defendant GUY SAVAGE concealed the export of illegally shipped firearm components listed on the USML by shipping such articles in containers with false bottoms.

(g) Defendant GUY SAVAGE caused the importation of firearm components into the United States to defendant SDI-US without first obtaining an import permit from ATF.

OVERT ACTS

25. In furtherance of this conspiracy, and to accomplish its purpose and object, at least one of the conspirators committed and caused to be committed, in the Middle District of Tennessee, and elsewhere, at least one of the following overt acts, among others;

(a) On or about December 18, 2003, defendant ELMER HILL, in an email to defendant GUY SAVAGE, with copies to defendants CHARLES SHEARON and ARNOLD SEE JR, wrote: "We need to also talk about our shipment of parts to you. We are currently 'stretching' the rules on stating the value and description of parts that we are sending you;"

(b) On or about May 25, 2004, defendant GUY SAVAGE, in an email to

Individual "A" wrote: "With regards to the last shipment, any chance you could send me some 'gear shafts' instead of the last failed attempt and did the mags go out? Assuming everything rocks, we should have the right documentation in place for next time;"

(c) On or about July 10, 2004, defendant CHARLES SHEARON, in an email to defendant GUY SAVAGE, wrote: "The 100 barrels without chambers will be ready Mon. or Tues. if we can find someone dumb enough to sign the shipping documents we will send them to you;"

(d) On or about July 25, 2004, defendant GUY SAVAGE, in an email to defendants ELMER HILL and CHARLES SHEARON titled "Exports," wrote: "This Iraq situation has companies banging on our door for M16s because we are the only supplier outside the US since the State Department has a lump of granite up their asses with exporting machine guns to anywhere. The situation regards what commodities they are prepared to be exported currently seems to be limited to hunting rifles and shotguns. Are these restrictions new? Yes. Are they absolute? Don't know Are they legal? I doubt it Can we possibly file the paperwork differently? Possibly I am not of the opinion that the State Department will change its tune so it is virtually pointless even trying to get them to be reasonable. I have the TDP and I am damn well going to use it, I'm not prepared to have bureaucrats in another country tell me how to run my business in the UK, which is incidentally their only reliable ally on the planet;"

(e) On or about July 26, 2005, defendant ARNOLD SEE, JR., at the direction of defendant GUY SAVAGE, falsified information on a DHL International Shipment Waybill (#8126757564), related to an export shipment from SDI-US to SDI-UK. Specifically, defendant SEE intentionally omitted from the Waybill that the export shipment required a license, and misrepresented the value (\$99.13) of the contents, which was listed as "flash hiders (minor components value under \$100)." In truth, the value of the shipment well exceeded \$100, and the

contents of the shipment required an export license with the DDTC.

(f) On or about October 27, 2005, Individual "D", in an email to Individual "C", wrote: "[Individual "B"] called yesterday and said he was "returning :)" some "defective mufflers" And they needed to be inspected and some drawings generated on them :) What did you want from them:)". Copied on the email was defendant GUY SAVAGE;

(g) On or about March 28, 2006, defendant GUY SAVAGE, in an email to Individual "A," wrote: "15 compressor intake manifolds and mounting adaptors are on route to you by TNT. You should have them Thursday;"

(h) On or about February 9, 2007, defendant CHARLES SHEARON, in an email addressed to defendants GUY SAVAGE and ELMER HILL, and Individual "E," titled "suppressors," wrote: "I'm afraid I have bad news, our request to import suppressor castings has been flatly denied by the ATF. I just received the final word this morning after [Individual "A"] called them concerning the "denied" form we received yesterday. Apparently they aren't going to allow anything in that contains the words "suppressor" or "silencer". I was about to notify [Individual "G"] but decided to discuss this with ya'll first. I know the easy route is for them to 'mis' label the parts but I'm 99% sure they won't do it. They have said several times they wouldn't, I ain't just guessing. Can they ship them to the UK? I know some f***** over there will do just about anything;"

(i) On or about February 9, 2007, defendant ELMER HILL, in a reply to defendant CHARLES SHEARON's email titled "suppressors", with copies to defendant GUY SAVAGE and Individual "E," wrote: "I am against trying to 'sneak' them in. The risk is great with our other business if we were to get caught. We could lose all the government business. How hard have we really tried to find a vendor over here? Can the lawyer that we talked to that is in Washington help

us get this approved? This is not good news. This is one of our highest potential/highest profit projects that we have on the board. There has to be a way to get the parts;"

(j) On or about February 9, 2007, defendant GUY SAVAGE, in response to the earlier emails titled "suppressors", emailed defendants ELMER HILL and CHARLES SHEARON, and Individual "E". In the email, defendant SAVAGE wrote: "First off don't discuss this with the Finns. I will talk to [Individual "C"] about it and we will arrive at a solution." Defendant SAVAGE further wrote that he did not believe the suppressor castings required license approval, despite a previous denial letter sent to defendant SDI-US by ATF on February 1, 2007;

(k) On or about February 28, 2007, in response to defendant ELMER HILL's email titled "parts," defendant GUY SAVAGE emailed defendants ELMER HILL and CHARLES SHEARON to express his agreement to pay defendant SDI-US for parts received by SDI-UK, stating: "I am quite content to pay for any parts that we need that I can have an invoice for. The shipping invoices are from fairlyland, I need REAL invoices to do this;"

(l) On or about May 17, 2007, defendant ELMER HILL, in an email to defendants MICHAEL CURLETT, CHARLES SHEARON, and GUY SAVAGE, expressed his concern about losing the ability to bid on government contracts if SDI-US's internal transactions were disclosed: "The true unintended consequences however is us losing our ability to bid on government contracts if they start looking into our internal transactions such as these. They will want to know what the cost is to them is on these types of deals. For example, are we 'trading at fair value' etc. One question I have is how much are the Cav Arms Plastic Lowers worth to us? This 'deal' has been buddy/buddy relationship which I hope is not what is keeping us from changing it. I have been talking this issue for three years and there always seems to be a reason we can't do it. If we want to put \$8-10 Million dollars worth of business at risk that is ok with me if

that is what we want to do. I am just doing my job of raising the flag. I do not think enough people understand the requirements and obligations we have when we sign an award contract with the government. I also think some people think they know a lot more than they do about government business. We are so open on so many fronts on the way we do business it blows my mind that at times no one seems to be concerned about it. We say we will change and we don't. Let me know what you all decide". . . . "Not trying to be a bastard about this but these 'deals' could sink our ship.";

(m) On or about June 20, 2007, defendant GUY SAVAGE, in an email titled "D-Trade and UK shipments - Important!!", directed Individual "F", Business Development Manager for SDI-US, and defendants MICHAEL CURLETT, ELMER HILL, and CHARLES SHEARON on language to use in falsifying the end user description to the DOS, writing: "End Use is: For further work and integration into sporting and hunting rifles for resale by duly licensed individuals for hunting and target shooting." Defendant SAVAGE suggested that Individual "F" should further mislead the DOS, because ". . . telling the State Dept who our distributors or customers are I think might be counterproductive,"

(n) In or around August 2007, defendant GUY SAVAGE, in an email to Company "A," with copies to defendants CHARLES SHEARON and ELMER HILL, and Individual "C," demanded that Company "A," a Finnish arms manufacturer, immediately deliver to SDI-US, in the United States, suppressor castings previously ordered by defendant SAVAGE for delivery to SDI-US. On or about December 7, 2006, in SDI-US Purchase Order No. 4567, defendant SAVAGE directed that SDI-US purchase from Company "A" 500 cast elements (5.56 mm suppressor material) and 150 cast front element (5.56 mm suppressor material), for use in the manufacture of suppressors (silencers) by SDI-US. On or about July 28, 2007, Company "A"

issued invoice # 4567 to SDI-US, documenting the purchase of 500 baffle castings and 150 baffle front castings used in the manufacture of suppressors. On or about December 11, 2007, Cadence Bank, Nashville, Tennessee, wired approximately \$11,782 Euros to Company "A" in payment for the shipment of suppressor materials to SDI-US.

(o) On or about August 21, 2007, Individual "G," a representative of Company "A", in an email to defendants CHARLES SHEARON and GUY SAVAGE, and Individual "C," questioned the legality of shipping "suppressors" to SDI-US without a proper license, writing: "Hello, Our company owner, (Individual "J") has lacked the confidence in just shipping the sound suppressor castings over to the U.S., without any paperwork involved on the U.S. end. The parts would be accompanied with a Finnish MOD export permit, which we believe would catch the eye of officials. And we were also suspicious on the offer made on the nomenclature for the parts. i.e. naming them something else than they are." Individual "G" noted that: "We do not understand at this point why you could not have approached ATF on the matter, as there is a clear chance that the import of these parts could be under regulation. If we would have just shipped them over, we believe that there would have been a great chance of negative complications later on.";

(p) On about August 21, 2007, defendant GUY SAVAGE, in an email to Individual "G", with copies to defendants CHARLES SHEARON and ELMER HILL, and Individual "C", challenged [Company "A"'s] interpretation of Finnish and English law and accused Individual "G" of "suggesting that defendant SDI-US should request something for which it did not need permission," writing: "In respect of asking BATF (referring to the ATF) for permission to import baffle castings you have now interposed yourself in a fundamental misunderstanding of how laws work in the US. Consequently your recent interference will now likely threaten the future of importing any further elements from [Company "A"] ever again." . . .

"BATF do operate a strict policy of denying all import license application for firearms silencers. This was the fundamental purpose of Sabre taking a US production license for your products as they are not importable to the US. What possible purpose would it serve for us to make something domestically that we could buy off the shelf? BATF hold the physical power to Proscribe or Forbid certain items, so that is exactly what they do. They do not want suppressors to be imported to the US. They consider subcomponents of suppressors in the same way as they consider the whole unit. Upon legal advice, our whole proposition of buying raw castings was to negate the power BATF have over being able to prohibit their import as the elements need so much further work to be able to use them to manufacture a suppressor. However, if you ask the Imports Branch to make a ruling on something which they can assume a power and then exercise a restrictive control, that is precisely what they will do."

(q) On or about August 23, 2007, Individual "G" emailed a response to defendant GUY SAVAGE, with copies to defendants CHARLES SHEARON and ELMER HILL, advising that [Company "A"]'s delay in shipping suppressor parts was due to the failure of SDI-US to obtain the proper import licenses and approvals from U.S. authorities, noting that the Finnish authorities had granted [Company "A"] a license to export suppressor castings to SDI-US. Individual "G" further noted in the email that defendant CHARLES SHEARON had previously traveled to [Company "A"] in Finland to be trained on the manufacturing technology of the [Company "A"] suppressors, and that: "During this time there was an urgent need for delivery of 15 CQB-QM suppressor samples for a U.S. tender. [Company "A"] had the parts ready for delivery, but Charlie informed us that he would not accept the import." Individual "G" further wrote: "June 2007, Arnold See asked for an odd nomenclature for the shipped parts (HTS code 722240, angles, shapes and sections of stainless steel) This code has nothing to do with the black

steel parts and raised suspicions at Company "A". The parts are classified as sound suppressor baffle castings in the Finnish MOD export permit, which they really are." Individual "G" again challenged the refusal of defendant GUY SAVAGE and SDI-US to obtain the proper import licenses and approvals from U.S. authorities, stating: "If you are so adamant that the ATF will rule them as sound suppressor baffles, why are you requesting that they be imported unauthorized. Do not kid us that we have named them provocatively, they are sound suppressor baffle castings, even though they are in raw form they only serve one purpose, the manufacture into sound suppressor baffles and into complete sound suppressors."

(r) On or about August 23, 2007, Individual "C" emailed a response to Individual "G" and Company "A", with copies to defendants GUY SAVAGE, CHARLES SHEARON, and ELMER HILL, asking: "Will you send these parts to the UK?"

(s) On or about August 24, 2007, defendant GUY SAVAGE, in an email to defendants CHARLES SHEARON and ELMER HILL, titled "[Company "A"] Castings", wrote: "Apparently [Individual "C's"] and my intervention on this issue has had prompted the following result: The casting are likely to be shipped to Nashville on Tuesday!" Defendant SAVAGE continued: "[Individual "G"] has also said that we should be able to order further castings direct from SakoTec (a Finnish manufacturer of precision casting and alloys). This will be a big help and save us up front tooling costs to get this project moving."

(t) On or about October 22, 2007, Individual "B" (from SDI-UK) emailed Individual "A," regarding exports from SDI-US to SDI-UK, stating: "Inge is trying to get up to date also on the stock list trying to delete all the unnecessary part numbers which have been entered from the phony shipping documents!!!!"

(u) On or about October 29, 2007, defendant ARNOLD SEE, JR., at the direction

of defendant GUY SAVAGE, instructed Individual “L,” a shipping clerk for SDI-US, to falsify information on a DHL International Shipment Waybill (#8757447042), related to an export shipment from SDI-US to SDI-UK. Specifically, Individual “L” intentionally omitted from the Waybill that the export shipment required a license, and misrepresented the value of the contents, which were listed as 5 Socom Short Stock, 300 steel hiders, 400 nuts, 50 alum.-design block, and 50 alum L design block as \$981.95. In truth, the value of the shipment was approximately \$4,603.42, and the contents of the shipment required an export license with the DDTC.

(v) On or about January 28, 2008, defendant MICHAEL CURLETT, in an email to defendants GUY SAVAGE, CHARLES SHEARON, ELMER HILL, and ARNOLD SEE JR., and copying Individuals “B”, “F” and “H”, titled “Supplies to UK”, apologized to defendant SAVAGE for not shipping parts on time as requested by SDI-UK, writing: “We are also shipping or have shipped upper and lower receiver forgings, barrel blanks and two of the three chrome lined barrels you requested.”

(w) On or about March 19, 2008, defendant ARNOLD SEE, JR. directed Individual “L,” a shipping clerk for SDI-US, to falsify information on a DHL International Shipment Waybill (#8757446644), related to an export shipment from SDI-US to SDI-UK. Specifically, Individual “L” intentionally omitted from the Waybill that the export shipment, which contained 50 A2 flash hiders, required a license, and misrepresented the total value of the contents as \$770.50. In truth, the value of the shipment was approximately \$8,567.50, and the contents of the shipment required an export license with the DDTC.

(x) On or about June 26, 2008, defendants MICHAELCURLETT, CHARLES SHEARON, and GUY SAVAGE directed Individual “L,” a shipping clerk for SDI-US to falsify information on a DHL International Shipment Waybill (#8757446320), related to an export

shipment from SDI-US to SDI-UK. Specifically, Individual "L" intentionally omitted from the Waybill that the export shipment required a license, and misrepresented the value of 500 catch bolts as \$50. In truth, the value of 500 catch bolts was \$1,875, and the contents of the shipment required an export license with the DDTC.

(y) On or about August 5, 2008, Individual "K", SDI-US Shipping Manager, at the direction of defendants GUY SAVAGE, CHARLES SHEARON, ELMER HILL, and ARNOLD SEE, JR., provided false information on a DHL Shipper's Letter of Instruction (referencing SDI-US Invoice #13643) related to an export shipment from SDI-US to SDI-UK. Specifically, Individual "K" intentionally misrepresented the contents of the shipment as alloy bars (steel) when the true contents were 160 .22 cal. 19" Rifle Barrel Blanks.

(z) On or about August 8, 2008, defendants GUY SAVAGE, CHARLES SHEARON, MICHAELCURLETT and ARNOLD SEE, JR., provided false information on a DHL Shipper's Letter of Instruction (referencing Waybill #2TB3153) related to an export shipment from SDI-US to SDI-UK. Specifically, defendant ARNOLD SEE, JR. intentionally misrepresented the contents of the shipment as raw, alloy steel bars, and the value of the shipment as \$958.40. In fact, the true value was \$7,017.60 and the contents were 160 .22 cal. 19" Rifle Barrel Blanks.

(aa) In an email on or about November 19, 2008, defendant CHARLES SHEARON advised defendant GUY SAVAGE that: "The 100 barrels without chambers will be ready Monday or Tuesday if we can find someone dumb enough to sign the shipping documents we will send them to you."

(bb) On or about November 20, 2008, Individual "K", SDI-US Shipping Manager, at the direction of defendants GUY SAVAGE, CHARLES SHEARON, and ARNOLD SEE, JR.,

provided false information on a DHL Shipper's Letter of Instruction (referencing Waybill #2TB3987) related to an export shipment from SDI-US to SDI-UK. Specifically, Individual "K" intentionally misrepresented that the contents of the shipment alloy steel bars and hydraulic connecting tubes, and middle connecting tubes, that the value of the shipment was \$1,754.31, and that no export license was required. In fact, the items being shipped were 195 .22 cal. 19" rifle barrel blanks, 71 5.56 cal. 14.5" Rifle Barrel Blank Assemblies, and 2 .223 Remington Cal. 18.375" Rifle Barrel Assemblies, with a value exceeding \$8,800, and which required an export license with the DDTC.

(cc) On or about November 23, 2008, defendant ARNOLD SEE, JR. forwarded to Individual "K" from a DHL air export agent an email titled "Shipment to Sabre UK" in which DHL stated: "We received your shipment today for the UK. Your ref # 12693. The SLI is not marked in box 19 If this requires a license or not. Can you please send me the updated SLI with this information?"

All in violation of Title 18, United States Code, Section 371, and Title 18, United States Code, Section 2.

COUNT TWO
(Violation of the Arms Export Control Act)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about October 29, 2007, in the Middle District of Tennessee and elsewhere, defendants **GUY SAVAGE, MICHAEL CURLETT, and ARNOLD SEE JR.**, and other conspirators, did knowingly and willfully export, from the United States to the United Kingdom, 300 A-2 Flash Hiders, which are designated as defense articles in Category I of the United States Munitions List, without having first obtained from the United States Department of State, Directorate of Defense Trade Controls, a license for such exports or written authorization for such exports.

In violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 22, Code of Federal Regulations, Sections 121.1, 127.1(a)(1) and 127.3, and Title 18, United States Code, Section 2.

COUNT THREE
(Violation of the Arms Export Control Act)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about March 19, 2008, in the Middle District of Tennessee and elsewhere, defendant **GUY SAVAGE, MICHAEL CURLETT, and ARNOLD SEE JR.**, and other conspirators, did knowingly and willfully export, from the United States to the United Kingdom, 50 A-2 Flash Hiders, which are designated as defense articles in Category I of the United States Munitions List, without having first obtained from the United States Department of State, Directorate of Defense Trade Controls, a license for such exports or written authorization for such exports.

In violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 22, Code of Federal Regulations, Sections 121.1, 127.1(a)(1) and 127.3, and Title 18, United States Code, Section 2.

COUNT FOUR
(Violation of the Arms Export Control Act)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about June 26, 2008, in the Middle District of Tennessee and elsewhere, **GUY SAVAGE, SDI-US, CHARLES SHEARON, and MICHAEL CURLETT**, and other conspirators, did knowingly and willfully export, from the United States to the United Kingdom, 500 Bolt Catches, which are designated as defense articles in Category I of the United States Munitions List, without having first obtained from the United States Department of State, Directorate of Defense Trade Controls, a license for such exports or written authorization for such exports.

In violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 22, Code of Federal Regulations, Sections 121.1, 127.1(a)(1) and 127.3, and Title 18, United States Code, Section 2.

COUNT FIVE
(Violation of the Arms Export Control Act)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about November 20, 2008, in the Middle District of Tennessee and elsewhere, **GUY SAVAGE, SDI-US, CHARLES SHEARON, ELMER HILL, and ARNOLD SEE JR.**, and other conspirators, did knowingly and willfully export, from the United States to the United Kingdom, seventy-one (71) 5.56 mm Caliber 14.5" Rifle Barrel Blank Assemblies; and two (2) .223 Remington Caliber 18.375" Rifle Barrel Blank Assemblies, which are designated as defense articles in Category I of the United States Munitions List, without having first obtained from the United States Department of State, Directorate of Defense Trade Controls, a license for such exports or written authorization for such exports.

In violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 22, Code of Federal Regulations, Sections 121.1, 127.1(a)(1) and 127.3, and Title 18, United States Code, Section 2.

COUNT SIX
(False Statements)

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about June 26, 2008, in the Middle District of Tennessee and elsewhere, the defendants, **GUY SAVAGE, CHARLES SHEARON, and MICHAEL CURLETT**, and other conspirators, in a matter within the jurisdiction of the executive branch of the United States Government, that is, the Department of Homeland Security and the United States Department of Commerce, did knowingly and willfully falsify, conceal, and cover up, and cause to be falsified, concealed, and covered up, by a trick, scheme, and device, material facts and made and caused to be made false, fictitious and fraudulent statements and representations as to a material fact, and made and used a false writing and document knowing the same to contain a false, fictitious and fraudulent entry, to wit: the defendants, aiding and abetting one another in the same, stated and represented, and caused to be stated and represented, in shipping records, DHL International Shipment Waybill (#8757446320), relating to an export shipment of 500 AR-15 bolt catches, that: (i) the value of the shipment was \$50, and (ii) omitted a material fact that an export license was required, when the defendants there and then knew that these statements and omissions were false, that the true value of the shipment was approximately \$1,875, and that an export license was required for export of the shipment of 500 AR-15 bolt catches.

All in violation of Title 18, United States Code, Sections 1001, and Title 18, United States Code, Section 2.

COUNT SEVEN
(False Statements)

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about August 5, 2008, in the Middle District of Tennessee and elsewhere, the defendants, **CHARLES SHEARON, ELMER HILL, and ARNOLD SEE, JR.**, and other conspirators, in a matter within the jurisdiction of the executive branch of the United States Government, that is, the Department of Homeland Security and the United States Department of Commerce, did knowingly and willfully falsify, conceal, and cover up, and cause to be falsified, concealed, and covered up, by a trick, scheme, and device, material facts and made and caused to be made false, fictitious and fraudulent statements and representations as to a material fact, and made and used a false writing and document knowing the same to contain a false, fictitious and fraudulent entry, to wit: the defendants falsely stated and represented, and caused to be falsely stated and represented, in shipping records, that is, DHL Shipper's Letter of Instruction (referencing SDI-US Invoice #13643), that the items being shipped were one-hundred sixty (160) alloy bars (steel), when the defendants there and then knew that the statement was false, and that the items being shipped were not 160 alloy bars (steel), but were, instead, one-hundred sixty (160) 5.56 19" barrel blanks.

All in violation of Title 18, United States Code, Sections 1001, and Title 18, United States Code, Section 2.

COUNT EIGHT
(False Statements)

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about August 8, 2008, in the Middle District of Tennessee and elsewhere, the defendants, **GUY SAVAGE, CHARLES SHEARON, ARNOLD SEE, JR., and MICHAEL CURLETT**, and other conspirators, in a matter within the jurisdiction of the executive branch of the United States Government, that is, the Department of Homeland Security and the United States Department of Commerce, did knowingly and willfully falsify, conceal, and cover up, and cause to be falsified, concealed, and covered up, by a trick, scheme, and device, material facts and made and caused to be made false, fictitious and fraudulent statements and representations as to a material fact, and made and used a false writing and document knowing the same to contain a false, fictitious and fraudulent entry, to wit: the defendants falsely stated and represented, and caused to be falsely stated and represented, in shipping records, that is, DHL Shipper's Letter of Instruction (#2TB3153) that: (i) the items being shipped were one-hundred sixty (160) alloy bars (steel), and (ii) that the value of the shipment was \$958.40, when the defendants there and then knew that these statements were false, and that the items being shipped were not 160 alloy bars (steel), but were instead one-hundred sixty (160) 5.56 19" barrel blanks, that the true value of the shipment was \$7,017.60.

All in violation of Title 18, United States Code, Sections 1001, and Title 18, United States Code, Section 2.

COUNT NINE
(False Statements)

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about November 20, 2008, in the Middle District of Tennessee and elsewhere, defendant, **ARNOLD SEE, JR., GUY SAVAGE, and CHARLES SHEARON** and other conspirators, in a matter within the jurisdiction of the executive branch of the United States Government, that is, the Department of Homeland Security and the United States Department of Commerce, did knowingly and willfully direct Individual "K" to falsify, conceal, and cover up, and cause to be falsified, concealed, and covered up, by a trick, scheme, and device, material facts and made and caused to be made false, fictitious and fraudulent statements and representations as to a material fact, and made and used a false writing and document knowing the same to contain a false, fictitious and fraudulent entry, to wit: the defendants falsely stated and represented, and caused to be falsely stated and represented, in shipping records, that is, DHL Shipper's Letter of Instruction (#2TB3987), that: (i) the items being shipped were one-hundred ninety-eight (198) alloy steel bars; seventy-one (71) hydraulic connecting tubes; and three (3) middle connecting tubes, and (ii) the stated the value of the shipment was \$1,754.31, and (iii) stated that no export license was required, when the defendants there and then knew that these statements were false, and that the items being exported were instead 195 .22 cal. 19" rifle barrel blanks; seventy-one (71) 5.56 mm Caliber 14.5" Rifle Barrel Blank Assemblies; and two (2) .223 Remington Caliber 18.375" Rifle Barrel Blank Assemblies; that the true value of the shipment exceeded \$8,000, and

that an export license was required for the shipment of seventy-one (71) 5.56 mm Caliber 14.5" Rifle Barrel Blank Assemblies; and two (2) .223 Remington Caliber 18.375" Rifle Barrel Blank Assemblies.

All in violation of Title 18, United States Code, Sections 1001, and Title 18, United States Code, Section 2.

COUNTS TEN THROUGH THIRTEEN
(Mail Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about the dates set forth below with respect to each count, in the Middle District of Tennessee and elsewhere, defendants **GUY SAVAGE, SDI-US, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, and ARNOLD SEE JR.**, with the intent to defraud, devised and willfully participated in the scheme and artifice to defraud and obtain money and property by materially false and fraudulent pretenses, representations, and promises as described in paragraphs 1 through 25 above, and for the purpose of executing or attempting to execute the above-described scheme and artifice to defraud and deprive, defendants GUY SAVAGE, SDI-US, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, and ARNOLD SEE JR., knowingly caused to be deposited in and delivered by a private and commercial interstate carrier, according to the direction thereon, at the place at which it was directed to be delivered by the person to whom it was addressed, the following things, each instance being a separate count of this Indictment:

Count	Date of Mailing	Description of Mailing
10	On or about June 26, 2008	DHL International Shipment Waybill (#8757446320), containing false statements as to value of shipment and omitted material fact that export license was required
11	On or about August 5, 2008	DHL Shipper's Letter of Instructions (referencing SDI-US Invoice #13643), containing false statements as to description of items and omitted material fact that export license was required
12	On or about August 8, 2008	DHL Shipper's Letter of Instructions (#2TB3153), containing false statements as to contents, value of shipment, and omitted material fact that export license was required
13	On or about November 20, 2008	DHL Shipper's Letter of Instructions (#2TB3987), containing false statements as to contents, value of shipment, and omitted a material fact that an export license was required for the shipment of seventy-one (71) 5.56 mm Caliber 14.5" Rifle Barrel Blank Assemblies; and two (2) .223 Remington Caliber 18.375" Rifle Barrel Blank Assemblies.

All in violation of Title 18, United States Code, Section 1341, and Title 18, United States Code, Section 2.

COUNTS FOURTEEN THROUGH NINETEEN
(Wire Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about the dates set forth below with respect to each count, in the Middle District of Tennessee and elsewhere, **GUY SAVAGE, SDI-US, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, and ARNOLD SEE, JR.**, devised and intended to devise a scheme to defraud the United States, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme to defraud the United States as described in paragraphs 1 through 25 above, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count	Approximate Date of Wire Communication	Description of Wire Communication
14	On or about February 9, 2007	Email from defendant CHARLES SHEARON to defendants ELMER HILL and GUY SAVAGE, and Individual "E" discussing illegal importation of silencers into the United States without having first obtained a license or written authorization from the ATF as required by federal law
15	On or about February 28, 2007	Email from defendant GUY SAVAGE to defendants ELMER HILL and CHARLES SHEARON discussing the creation and use of false shipping invoices

16	On or about June 20, 2007	Email from defendant GUY SAVAGE to Individual "F" and defendants ELMER HILL, CHARLES SHEARON, and MICHAEL CURLETT, discussing the need to make false statements to the U.S. Department of State to avoid exports laws and regulations
17	On or about August 21, 2007	Email from defendant GUY SAVAGE to defendants ELMER HILL, CHARLES SHEARON, and Individuals "G" and "C", discussing illegal importation of suppressors
18	On or about August 24, 2007	Email from defendant GUY SAVAGE to Individuals "C" and "G", and defendants ELMER HILL and CHARLES SHEARON, discussing plans to ship suppressors from the United Kingdom to defendant SDI-US in Nashville, TN
19	On or about January 28, 2008	Email from defendant MICHAEL CURLETT to defendants ELMER HILL, GUY SAVAGE, CHARLES SHEARON, ARNOLD SEE JR., and Individuals "B", "F", and "H", discussing the intent to ship upper and lower receiver forgings, barrels, barrel blanks, and parts to defendant GUY SAVAGE in the United Kingdom

All in violation of Title 18, United States Code, Sections 1343, and Title 18, United States Code, Section 2.

COUNT TWENTY
(Smuggling Goods from the United States)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. On or about November 20, 2008, in the Middle District of Tennessee and elsewhere, defendants **GUY SAVAGE, CHARLES SHEARON, and ARNOLD SEE JR.**, aided and abetted by each other and by other conspirators, did fraudulently and knowingly export or send from the United States, and attempt to export and send from the United States, to the United Kingdom, a place outside the United States, any merchandise, article, and object, to wit: seventy-one (71) 5.56 mm Caliber 14.5" Rifle Barrel Blank Assemblies; and two (2) .223 Remington Caliber 18.375" Rifle Barrel Blank Assemblies, without having obtained the required license and authorization from the United States Department of State, contrary to the Arms Export Control Act, Title 22, United States Code, Section 2778(b)(2) and (c), and the International Trafficking in Arms Regulations, Title 22, Code of Federal Regulations, Sections 121.3, 123.1 and 127.1.

In violation of Title 18, United States Code, Section 554(a), and Title 18, United States Code, Section 2.

COUNT TWENTY-ONE
(Violation of the Arms Export Control Act)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 25 of this Indictment are incorporated and realleged by reference in this Count.
2. In or around December 2007, in the Middle District of Tennessee and elsewhere, **GUY SAVAGE, SDI-US, CHARLES SHEARON, ELMER HILL, and ARNOLD SEE, JR.,** aided and abetted by each other, and by other conspirators, did willfully import, attempt to import, and cause to be imported, into the United States from the United Kingdom, certain defense articles listed on the United States Munitions List, to wit: suppressors (silencers), designated on the United States Munitions List within Category I(e), without having obtained the required license and authorization from the ATF.

In violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 27, Code of Federal Regulations, Section 447.61, and Title 18, United States Code, Section 2.

FORFEITURE ALLEGATIONS

The allegations of this Indictment are re-alleged and by this reference fully incorporated herein for the purpose of alleging forfeiture to the United States of America of certain property in which the defendants, GUY SAVAGE, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, ARNOLD SEE, JR. and SABRE DEFENCE INDUSTRIES, LLC have an interest.

Upon conviction of a violation of, or a conspiracy to violate Title 18, United States Code, Section 1341(mail fraud) and/or Title18 U.S.C. section 1343 (wire fraud) and/or Title 22 United States Code Section 2778(arms export control), the defendants GUY SAVAGE, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, ARNOLD SEE, JR. and SABRE INDUSTRIES, LLC shall forfeit to the United States, pursuant to Title 18 United States Code

Section 981(a)(1)(C) and Title 18 United States Code Section 2461, all of their respective right, title and interest to the United States in any property, real or personal, which constitutes or is derived from the proceeds traceable to the commission of the violations alleged in this Indictment, including receipts of such scheme or artifice to defraud and including all property, and including any domestic or foreign bank accounts and the contents of any domestic or foreign bank accounts of the Defendants and including but not limited to a money judgment in an amount to be determined.

SUBSTITUTE ASSETS

If, as a result of any act or omission of GUY SAVAGE, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, AND ARNOLD SEE, JR., and SABRE INDUSTRIES, LLC any property subject to forfeiture:

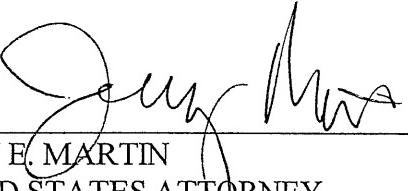
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property, which cannot be divided without

difficulty, it is the intent of the United States to seek the forfeiture of any other property of GUY SAVAGE, CHARLES SHEARON, ELMER HILL, MICHAEL CURLETT, ARNOLD SEE, JR., and SABRE INDUSTRIES, LLC up to the value of the forfeitable property described above as substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c) including but not limited to a money judgment in an amount to be determined.

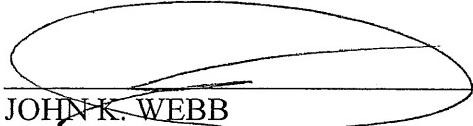
A TRUE BILL



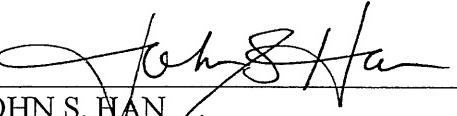
FOREPERSON



JERRY E. MARTIN
UNITED STATES ATTORNEY



JOHN K. WEBB
ASSISTANT UNITED STATES ATTORNEY



JOHN S. HAN
TRIAL ATTORNEY
ORGANIZED CRIME AND RACKETEERING SECTION
CRIMINAL DIVISION
DEPARTMENT OF JUSTICE